

Message Text

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PAGE 01 STATE 058913

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FM SECSTATE WASHDC

TO AMEMBASSY AMMAN IMMEDIATE

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EXDIS TOSEC-592

E.O. 11652:N/A

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: ACTION MEMORANDUM: FACIO LETTER ON MEAT RESTRAINT
PROGRAM (S/S NO. 7504687)

FOR THE SECRETARY FROM BOWDLER AND ENDERS CLEARED BY BLAKE

1. THE PROBLEM.

COSTA RICAN FOREIGN MINISTER FACIO WROTE YOU ON
FEBRUARY 28 TO THANK YOU FOR THE UNDERSTANDING YOU HAVE
SHOWN FOR PROBLEMS OF COSTA RICAN MEAT EXPORTS IN VIEW OF
THE US VOLUNTARY RESTRAINT PROGRAM ON BEEF IMPORTS. ON
MARCH 6, THE COSTA RICAN EMBASSY DELIVERED FACIO'S LETTER,
ALONG WITH A LENGTHY MEMORANDUM SETTING FORTH COSTA RICAN
VIEWS ON BEEF EXPORTS TO THE US.

2. BACKGROUND/ANALYSIS

THE US L-VESTOCK INDUSTRY IS UNDERGOING SEVERE FINANCIAL

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PAGE 02 STATE 058913

DISTRESS THIS YEAR. USDA HAS PROJECTED A SUBSTANTIAL IN-

CREASE IN MEAT IMPORTS IN 1975 SUFFICIENT TO TRIGGER MANDATORY QUOTAS IN THE ABSENCE OF VOLUNTARY RESTRAINTS. THE US PROPOSED TO COSTA RICA A LEVEL OF 43.2 MILLION POUNDS BASED ON ITS HISTORICAL SHARE OF THE US MARKET. WE ARE CURRENTLY

REVIEWING MODIFICATIONS OF OUR EARLIER PROPOSAL TO ADDRESS THE PROBLEMS OF COSTA RICA AND OTHER FINANCIALLY WEAK PRODUCERS. IT APPEARS NECESSARY TO BASE MODIFICATIONS ON A REASONABLE CRITERIA OF PAST PERFORMANCE IN ORDER TO GAIN THE NECESSARY ACCEPTANCE OF THE VOLUNTARY PROGRAM BY MAJOR PRODUCING COUNTRIES - AUSTRALIA AND NEW ZEALAND. IN YOUR FEB 26 MEETING WITH FACIO, YOU INDICATED THAT WE WOULD DO BETTER FOR COSTA RICA.

3. COSTA RICAN POSITION

THE MEMORANDUM WHICH FACIO ENCLOSED NOTES THAT THE US PROPOSED 33 PER CENT REDUCTION FROM AVAILABLE EXPORTS WOULD SERIOUSLY DAMAGE COSTA RICA'S BALANCE OF TRADE, ALREADY ADVERSELY AFFECTED BY INCREASED OIL COSTS; POINTS TO THE SMALL IMPACT OF COSTA RICAN BEEF EXPORTS TO THE US (0.003 PER CENT OF US CONSUMPTION); AND ARGUES THAT COSTA RICA HAS NOT RECEIVED AS FAVORABLE TREATMENT AS THE DEVELOPED NATIONS OF AUSTRALIA AND NEW ZEALAND WHICH HAVE ACCESS TO THE EEC AND OTHER MARKETS.

4. EB AND ARA VIEWS

OUR ORIGINAL PROPOSAL TO MEAT SUPPLIERS WAS BASED ON A TOTAL IMPORT LEVEL 1,150 MILLION POUNDS. OF THIS AMOUNT, COSTA RICA WAS OFFERED 43.2 MILLION POUNDS. US CATTLE INTERESTS HAVE BEEN PRESSING HARD WITHIN THE PAST FEW DAYS FOR ASSURANCES THAT THE "TRIGGER LEVEL" OF 1,181 MILLION POUNDS WILL NOT BE SURPASSED. EXCEEDING TRIGGER WOULD REQUIRE PRESIDENTIAL WAIVER WHICH IN PRESENT CIRCUMSTANCES WOULD SUBJECT PRESIDENT TO POLITICAL AND LEGAL ATTACK. WE ARE THEREFORE SEEKING ARRANGEMENT WITH SUPPLYING COUNTRIES WHICH WILL AVOID NECESSITY OF WAIVER. IN RESPONSE TO COMPLAINTS FROM COSTA RICA AND OTHERS WE ARE PROPOSING A NEW FORMULA MORE FAVORABLE TO LATIN PRODUCERS. UNDER THE NEW FORMULA AT THE NEW OVERALL LEVEL OF 1,180 MILLION POUNDS, COSTA RICA WOULD RECEIVE 52.2 MILLION POUNDS WHICH LIMITED OFFICIAL USE

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PAGE 03 STATE 058913

WE HOPE WOULD BE ACCEPTABLE.

5. RECOMMENDATION:

THAT YOU AUTHORIZE SUGGESTED REPLY AT TAB A FOR DELIVERY TO FACIO BY OUR EMBASSY IN SAN JOSE.

APPROVE DISAPPROVE

TAB A

SUGGESTED REPLY

BEGIN QUOTE:

DEAR MR. MINISTER:

I HAVE READ YOUR LETTER OF FEBRUARY 28 AND WANT TO ASSURE YOU THAT WE UNDERSTAND THE SERIOUS CONCERNS OF COSTA RICA REGARDING VOLUNTARY RESTRAINTS OF BEEF IMPORTS TO THE UNITED STATES. WE ARE CAREFULLY STUDYING THE VERY IMPORTANT POINTS RAISED IN YOUR MEMORANDUM. WITH THESE IN MIND WE ARE CONSIDERING MODIFICATIONS OF OUR ORIGINAL PROPOSALS WHICH WILL ALSO TAKE INTO ACCOUNT THE VIEWS OF OTHER SUPPLYING COUNTRIES AND THE DIFFICULT SITUATION OF OUR OWN CATTLEMEN.

I AM DELIGHTED THAT I HAD A CHANCE TO SEE YOU BEFORE MY DEPARTURE FOR THE MIDDLE EAST. I ALSO WANT TO EXPRESS MY PERSONAL APPRECIATION FOR YOUR OUTSTANDING LEADERSHIP OF THE UNITED NATIONS SECURITY COUNCIL ON THE CYPRUS ISSUE.

PLEASE ACCEPT, EXCELLENCY, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

SINCERELY, HENRY A. KISSINGER. END QUOTE.

TAB B

TEXT OF LETTER FROM FACIO FOLLOWS:

BEGIN QUOTE: DEAR MR. SECRETARY:

IT WAS A GREAT PLEASURE TO HAVE HAD THE OPPORTUNITY TO LIMITED OFFICIAL USE

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PAGE 04 STATE 058913

VISIT WITH YOU ONCE AGAIN. IT IS ALWAYS VERY STIMULATING TO DIALOGUE WITH YOU, IN PRIVATE OR PUBLIC MEETINGS. I WANT TO THANK YOU FOR THE UNDERSTANDING YOU HAVE SHOWN IN REGARD TO THE PROBLEM OF OUR MEAT EXPORTS TO THE UNITED STATES. THE SOLUTION OF THIS PROBLEM IS CRUCIAL IN ORDER TO ASSURE THE SURVIVAL OF COSTA RICA'S LIVESTOCK INDUSTRY, WHICH IS A VERY IMPORTANT ITEM IN OUR PROCESS OF ECONOMIC AND SOCIAL DEVELOPMENT.

THE DISCUSSION OF THE MATTER WITH THE DISTINGUISHED ASSISTANT SECRETARIES OF STATE, MR. THOMAS O. ENDERS, AND MR. WILLIAM D. ROGERS, AND THEIR ADVISERS, AS WELL AS WITH THE ASSISTANT SECRETARY OF AGRICULTURE, MR. CLAYTON K. YEUTTER, WAS VERY FRIENDLY, FRANK AND CONSTRUCTIVE. I TAKE PLEASURE IN ATTACHING A MEMORANDUM WHICH PRESENTS A

SUMMARY OF COSTA RICA'S VIEWS ON THE BEEF EXPORTS TO THE
UNITED STATES.

ACCEPT EXCELLENCY, THE ASSURANCES OF MY HIGHEST ESTEEM
AND CONSIDERATION.

GONZALO J. FACIO, MINISTER OF FOREIGN AFFAIRS. END QUOTE.
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To: AMMAN
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